

TSX.V: SCZ
FSE: 1SZ

January 20, 2020

Santacruz Silver Acquires La Pechuga Project Adjacent to Zimapan Mine, Hidalgo, Mexico

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the “Company” or “Santacruz”) reports that its Mexican subsidiary, Carrizal Mining, S.A de C.V. (“Carrizal”), has acquired by staking the La Pechuga property (the “Property”) located adjacent to the Zimapan Mine at Zimapan, Hidalgo, Mexico.

The Property is comprised of one mining concession that covers a land area of approximately 3,025 hectares and is located 25 kilometers southeast of the Zimapan Mine. It contains several historic mines with mineralization hosted in carbonate replacement (skarn) of variable width of 3-8 m, which is intruding the limestones of the El Doctor Formation. Previous work by Mexico’s Consejo de Recursos Minerales (CRM), Mexico’s Geological Survey, reported nine underground chip samples collected from the San Miguel mine on the 120 level with assay results that contain 34 to 770 grams per tonne (“gpt”) silver, trace to 0.50 gpt gold, 0.80% to 21.9% lead, 1.7% to 13.4% zinc and trace to 0.47% copper. Sampling lengths range between 0.80 and 3.00 m and represent the apparent thickness of the mineralization on the 120 level**. The 120 level and the chip samples reported are not representative of the typical mineralization at La Pechuga but is an indication of strongly polymetallic mineralization within the project area. Santacruz and a qualified person have not performed sufficient work to verify this information and the information is considered historical.

Mr. Carlos Silva, Chief Operating Officer, stated “This property is situated in a very promising zone of the Zimapan Mining District and its proximity to the producing Zimapan Mine makes it a strategic acquisition for Santacruz.” Mr. Silva continued; “With respect to the Zimapan Mine, management discussions with Peñoles are at an advanced stage with respect to final terms of an agreement which would allow Santacruz to acquire the Zimapan assets.”

Any transaction involving the acquisition of the Zimapan assets by the Company will be subject to, among other things, all necessary regulatory filings and approvals, including the approval of the TSX Venture Exchange.

*** Source: Broines, Alejandro. Estudio Geologica-Minero de Los Fundos San Miguel y Ampliacion san Miguel, La Pechuga, Municipio de Ixmiquilpan, Hidalgo. Archivo Tecnico 130038, 1976.*

Qualified persons

The technical information contained in this news release has been reviewed and approved by Van Phu Bui, BSc, PGeo, who is independent of the Company and a qualified person under National Instrument 43-101.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects, Veta Grande and Rosario, and two exploration properties, the Minillas property and Zacatecas properties. The Company also owns 100% of Carrizal Mining S.A. de C.V. Carrizal Mining is a private Mexican mining company, the principal asset of which is a 20% working interest in the Company’s Veta Grande Project. Carrizal Mining also has the right to operate the Zimapan Mine until December 31, 2020 under a mining lease agreement.

The Company is managed by a technical team of professionals with proven track records in developing, operating and discovering silver mines in Mexico. Our corporate objective is to become a mid-tier silver producer.

‘signed’

Arturo Préstamo Elizondo,
President, Chief Executive Officer and Director



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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward looking information

Certain statements contained in this news release constitute "forward-looking information" as such term is used in applicable Canadian securities laws, including statements relating to the finalization of an agreement with Peñoles and the potential acquisition of the Zimapan Mine by the Company from Peñoles. Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including that the Company's financial condition and development plans do not change as a result of unforeseen events, and that future metal prices and the demand and market outlook for metals will remain stable or improve. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to above prove not to be valid or reliable; there can be no assurance that the Company will be successful in entering into a binding purchase and sale agreement and thereafter completing the acquisition of the Zimapan Mine (including obtaining the necessary funding for the purchase price thereof); risk of delay and/or cessation in planned work or changes in the Company's financial condition and development plans; risks associated with the interpretation of data (including in respect of the third party mineralized material) regarding the geology, grade and continuity of mineral deposits; the uncertainty of the geology, grade and continuity of mineral deposits and the risk of unexpected variations in mineral resources, grade and/or recovery rates; market conditions and volatility and global economic conditions; risks related to gold, silver, base metal and other commodity price fluctuations; risks relating to environmental regulation and liability; the possibility that results will not be consistent with the Company's expectations, as well as the other risks and uncertainties applicable to mineral exploration and development activities and to the Company as set forth in the Company's continuous disclosure filings filed under the Company's profile at www.sedar.com. There can be no assurance that any forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. The Company undertakes no obligation to update forward-looking information or statements, other than as required by applicable law.

Rosario Project

The decisions to commence production at the Rosario Mine, Cinco Estrellas Property and Membrillo Prospect were not based on a feasibility study of mineral reserves demonstrating economic and technical viability, but rather on a more preliminary estimate of inferred mineral resources. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production decision. Production and economic variables may vary considerably, due to the absence of a complete and detailed site analysis in accordance with NI 43-101.

Veta Grande Project

The decision to commence production at the Veta Grande Project was not based on a feasibility study on mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production decision. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis in accordance with NI 43-101.

Zimapan Mine

Production at the Zimapan Mine is not supported by a feasibility study on mineral reserves demonstrating economic and technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with production operations at the Zimapan Mine. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis in accordance with NI 43-101.